

FY 03 General Fund Budget Summary

Interim Joint Committee on
Appropriations and Revenue

July 31, 2003

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FY 03 Budget Update

- ◆ Budget Review
- ◆ Revenue Shortfall
- ◆ Unbudgeted Expenses
- ◆ Unbudgeted Receipts
- ◆ Reduced Expenditures /Cost–Saving Measures
- ◆ Federal Fiscal Relief
- ◆ Budget Reserve Trust Fund

FY 03 General Fund Budget Summary (\$Millions)

Resources	
Beginning Balance	\$ 23.5
Continued Appropriations	\$ 107.2
Consensus Forecast Revenues	\$6,859.2
Tobacco Settlement Revenues	\$ 127.0
Fund Transfers	\$ 327.2
Total Resources	\$7,444.1
Expenditures	\$7,202.9
Reserve for Continued Appropriations	\$ 102.5
Undesignated Fund Balance	\$ 138.7

The FY 03 Problem:

(\$Millions)

Revenue Shortfall	\$ 75.7
Unbudgeted Expenses	
Necessary Govt. Expenses	\$ 8.4
Other	\$ 2.1
Budgeted Lapse	\$ 3.7
Total Shortfall	\$ 89.9

Note: Total NGE's in FY 03 were \$14 Million.

The FY 03 Solution:

(\$Millions)

Reduced Expenditures	
Unbudgeted Lapses	\$ 35.4
Severance Tax Appropriation Reductions	\$ 3.2
Additional Resources	
Excess Tobacco Receipts	\$ 3.8
Excess Fund Transfers	\$ 2.6
Federal Fiscal Relief	\$ 68.7
Total Solutions	\$ 113.7

FY 03 General Fund Close-Out Summary

(\$Millions)

Resources	
Beginning Balance	\$ 23.5
Continued Appropriations	\$ 107.2
General Fund Revenues	\$6,783.5
Tobacco Settlement Revenues	\$ 130.8
Fund Transfers	\$ 329.8
Federal Fiscal Relief	\$ 68.7
Total Resources	\$7,443.5
Expenditures	\$7,178.8
Reserve for Continued Appropriations	\$ 102.2
Undesignated Fund Balance	\$ 162.5

The Result

- ◆ Ending Balance \$23.8 Million Over Budgeted Amount
- ◆ Surplus Expenditure Plan Triggered
- ◆ All Surplus Funds to be Deposited to the Budget Reserve Trust Fund

Budget Reserve Trust Fund

◆ FY 03 Appropriation	\$ 5.1
◆ FY 04 Surplus Plan Appropriation	\$23.8
◆ FY 04 Appropriation	<u>\$25.9</u>
◆ FY 04 Fund Balance	\$54.8

Note: The BRTF is the Source for Payment of NGE's in FY 04, estimated to be \$15 million.

Implications for FY 04

“The Good News”

- ◆ Began the Year As Planned – with \$138.7 Million
- ◆ Will Receive \$68.7 Million FY 04 Federal Fiscal Relief in October
- ◆ \$54.8 Million Balance in the Budget Reserve Trust Fund

Implications for FY 04

“The Bad News”

- ◆ If Not For Federal Fiscal Relief – We Would have Started FY 04 \$45 Million Short
- ◆ Federal Fiscal Relief is Non-Recurring Money
- ◆ Structural Imbalance Grows
- ◆ Potential Downward Revision to Revenue Estimates

Other States

- ◆ 39 States Faced Budget Shortfalls at Some Time During FY 03
- ◆ For Nearly Every State, FY 03 Was the 2nd Consecutive Year of Budget Problems
- ◆ Revenues Grew .7% Above FY 02 Levels. 11 States Collected Less in FY 03 Than in FY 02.
- ◆ Outlook for FY 04 is Grim
 - 31 States Cutting Spending
 - 29 States Tapping Rainy Day Funds
 - 23 States Reducing State Workforces
 - 8 States Using Tobacco Funds to Balance

FY 03 Road Fund Summary

◆ Excess Revenues	\$4.8
◆ Unbudgeted Lapses	<u>\$18.8</u>
◆ Road Fund Surplus	\$23.6

- ◆ Road Fund Surplus Expenditure Plan
Provides for all Surplus to be Deposited
into the State Construction Account

Budget Timeline

- ◆ July 23 - Budget Instructions Distributed to State Agencies
- ◆ August 12 - Consensus Forecasting Group Planning Report (FY 04 – FY 08)
- ◆ October 15 - CFG Official Estimates (FY 04 – FY 06)
- ◆ November 3 - Agency Budget Requests Due
- ◆ November 4 - Gubernatorial Election
- ◆ December 9 - Inauguration Day
- ◆ January 27, 2004
 - CFG Revenue Revisions (If necessary)
 - Governor Introduces Executive Budget